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CIA HISTORICAL REVIEW PROGRAM  
RELEASE AS SANITIZED

2003

Part One

Outlining Events Affecting Security of PBSUCCESS

On 23 October 1953 a single engine Cessna aircraft, piloted by Walter Farral, a Costa Rican, carrying as passengers Jorge Delgado, Panamanian Commercial Attache accredited to Nicaragua and a Mrs. Thelma Hand, landed at San Julian military airport near Guane, Cuba. Although Delgado claimed diplomatic immunity, his effects and those of his companions were examined by representatives of the Cuban Servicio de Inteligencia Militar. The examination revealed documents pertaining to the political situation in Costa Rica and Guatemalan, anti-government, anti-communist propaganda including copies of the CEUAGE bulletin. Under questioning by Cuban officials, Delgado claimed that he was associated with U.S. Intelligence and a close friend of President Remon of Panama and Somoza of Nicaragua. He further stated that his work was being accomplished through close cooperation between the governments of the United States, Panama and Nicaragua, that he had previously delivered to Washington documents proving that President Arbenz of Guatemala received \$60,000.00 monthly from Russia, and that a U.S. sponsored revolution would take place in Guatemala within sixty days.

The Delgado party was permitted to leave Cuba, en route to Miami on the same day.

It is known that Delgado was serving at the time as a courier for RUFUS and that the documents he carried were intended for delivery to [ ] They were to be forwarded by [ ] who was then in the United States.

The extent to which Delgado's allegations were believed or disseminated has not been determined.

The first contact of a staff employee of CIA with any member of the Guatemalan anti-Communist revolutionary group occurred in 1952 when [ ] was sent [ ] cover to establish contact and maintain liaison with the accepted leader of that group, RUFUS. [ ] instructions were to work through the principal agent, RUFUS, and, to our knowledge, these orders were faithfully carried out. There is no record of [ ] having met members of RUFUS' staff until a decision was made in November of 1953 to go beyond the principal agent because of the paramilitary aspects of the newly conceived PBSUCCESS. On 6 December 1953, [ ] met Delgado, a member of RUFUS' staff. Delgado was unfavorably known to Headquarters and a warning had been sent through [ ] to RUFUS. Delgado was present when the first black flight arrived on 14 January at Managua. He also

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assisted with the establishment of certain training camps in Nicaragua. There were several meetings between [ ] and Delgado in December 1953 and January 1954, until almost the very day it was learned that Delgado had sold out to the Guatemalan Government for a sum reported to be \$100,000.

There was no revelation of [ ] having been uncovered until the release of the White Paper which named him as an American organizer in a plot to overthrow the government, and attempted to tie the affair to the U.S. Government (and later, instead to U.S. individuals) by reason of his former Army commission. The White Paper led us to the conclusion that the Guatemalans had in part confused PBSUCCESS with Idigoras Fuentes and probably with the activities of Luis Arenas. Delgado left the scene and presumably had no direct contact with PBSUCCESS elements. We do not know if he had other sources around RUFUS and therefore cannot be certain that he ceased to operate. He was reported in mid-April to be in Guatemala.

The information available to Delgado was sufficient to afford the Guatemalans of the identity of many of the leading PBSUCCESS (indigenous) personalities and to make it possible to attempt CE penetration by bribe or pressure on families. It was apparently sufficient to lead them to think that the Americans were behind it.

Among additional information not included in the White Paper, and to which Delgado presumably had access, were semi-paraphrases of five PBSUCCESS cables which are known to have disappeared from [ ] hotel room (to which Delgado had a key) in Managua, and were returned several weeks later when Pivall recovered [ ] personal gear from the apartment house owned by [ ]

Prior to [ ] departure he was not in subsequent contact with Raul Sierra (Sequeda, Secaira) who was RUFUS' principal representative in the Managua area, and in whose headquarters [ ] left copies of his own planning papers.

[ ] has reported that it was during this period that Sierra kept a daily operational log. Presumably this log contained information on all activities of the RUFUS' group in Nicaragua. Sierra, according to a polygraph report is, "according to the polygraph, Secaira is an enemy agent". There can be no doubt that Sierra had access to documentary evidence regarding the RUFUS group, but not necessarily U.S. involvement up to the time of his isolation on 3 April. He was also reported by ESSENCE to be an agent of the Guatemalan government.

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Sierra was perhaps the best informed man on CALLIGERIS' operations in Nicaragua. It is pertinent to note that RUFUS does not accept the polygraph evidence since he has suggested that Sierra be repolygraphed and that CALLIGERIS personally conduct the interrogation.

[ ] who was RUFUS' [ ] within the Guatemalan Army, was arrested at the time of the release of the White Paper and severely interrogated. Polygraph examination concludes that he is not disloyal or an enemy agent. There is no indication, however, that the questioning was addressed to what he may have revealed when under Guatemalan interrogation (in [ ] first polygraph examination, a general questioning did not reveal what was later uncovered on specifics.) He is now being used by RUFUS in Honduras following his release. He may well be under surveillance, and in this regard is a medium for identity of other individuals possibly leading to development of penetration.

On January 25th Ocana and Arenas talked to State Department officials in Washington but were not promised aid. After seeing Senator McCarthy, one or both talked to Texas Oil and some unidentified shipping people to whom one or both promised (in the event) special oil and docking concessions. Arenas also approached Ambassador DeMoya, and having advised DeMoya that he had backing to overthrow the government, was offered arms and aid by DeMoya. He refused this saying his backers were furnishing them with plenty of both. It was clearly evident at an encounter of a KUBARK Staff Officer with DeMoya that the latter had been convinced by the Arenas meeting that the U.S. Government was behind Arenas. It is probable that the Arenas-Ocana activities were known in part to the Guatemalans, who, heretofore could deduce U.S. implication. Arenas is now working for RUFUS, and may without any reservations be stated to be a prime and sustained target of surveillance by the Arbenz people.

(SAFEHOUSE B)

This establishment came under heavy surveillance, which according to SECURITY resembled the activities of a Latin American intelligence outfit. While the foregoing inference is subjective and cannot be advanced as evidence, it is at least known that the FBI was not responsible for the surveillance.

The Safe House was immediately closed. The significance of this event is that unknown agents were active in the LINCOLN area and had the possibility of identifying and following some LINCOLN personnel.

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Two trainees at Scranton have behaved in a fashion such as to raise doubts as to their motivation and possibly loyalty. One in particular is known to have been in the past connected with the Costa Rican Communist Party. Field reports on this are not yet closed out.

In early April Lt. DUARTE, a Nicaraguan immigrant officer, took asylum in the Guatemala Embassy in Nicaragua. By this the Guatemalans may have widened their knowledge of the current operational situation in Nicaragua. Whether DUARTE was knowledgeable of para-military and communication training areas is not known. In fact the extent of his knowledge is not known. However, he may have knowledge of arrangements for the black flights, cargo contents, nationality of crews and that Americans were coming into Nicaragua clandestinely; i.e. communications people for SHERWOOD. This is at best highly speculative. We do not know that he could or could not have substantial evidence of U.S. implication.

On 22 March, Enrique LORENZANO was stopped just prior to his take-off from the Guatemala City airport destination Tegucigalpa. A police search of his baggage turned up several letters to RUFUS. On the afternoon of the 23rd, a Guatemalan newspaper made mention of the Episode.

CADICK on April 9 advised that he is convinced that Ydigoras FUENTES can and will make some move designed to counteract RUFUS if dropped unceremoniously. Ydigoras FUENTES in all probability has been able to require reasonable but not necessarily conclusive information as to the operation. It is probable, however, that he would not find it to his advantage to allege U.S. complicity.

An important question is whether RUFUS is aware of U.S. Government backing of PBSUCCESS. We may assume he believes or wants to believe it. Two specific instances, however, are worthy of note. First, when RUFUS made a trip to the U.S. at the end of January, he carried with him a letter from [ ] to be delivered to LINCOLN. The letter was addressed as follows: CWH - Pass to Director. Second, some weeks ago a package of photographic material was passed to RUFUS by the [ ] A copy of the pouch manifest was left with material. The document contained on its face the statement "Via Diplomatic Courier". In the absence of information to the contrary we must assume that RUFUS has maintained secrecy despite the fact that allegations as to U.S. backing would increase his prestige. The question of the likelihood of revelations or allegations by RUFUS is not likely to be raised except in the event that the operation works to his personal disadvantage by reason of some action taken by SINGARP.

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While it is LINCOLN's expressed opinion that the cable traffic is misleading in giving as it did the initial impression that Ambassador Willauer, by virtue of his official position, exposed to President Galvez of Honduras and his staff the interest and support of the United States Government in PBSUCCESS operations we are not able categorically to satisfy ourselves that the pattern of Ambassador Willauer's activities may not have done just this. For example, it was reported on 6 April by the Ambassador that [ ] had referred openly in a discussion relating to PBSUCCESS to the Ambassador; it was the Ambassador's expressed opinion that Galvez now knows, although he cannot prove that the Ambassador is supporting the operation. Another reaction which could suggest U.S. involvement in the minds of Galvez' staff is the statement by the Colonel who met the April 11 flight and who at that time said in effect that the U. S. Embassy should, in the future, be notified of ETAs. It must be noted, however, that this probable situation did not occur as a result of Skillet initiating unwise improvisations for on April 10 our [ ] advised that he had watched the Ambassador go out on a narrow limb for CIA at the request of ONTRICH. The most recent word received April 15 from [ ] Tegucigalpa, is that the Ambassador has discreetly retired from operational contact and that [ ] understands that he is not to consult the Ambassador further on this matter. (We infer general negotiations). We have no reason to believe this information, if correct, is in Guatemalan hands.

On April 12 Ambassador Willauer for the first time advised headquarters that prior to his arrival that according to Honduran sources, Guatemala is generally aware of our plans and that (query) had hinted U.S. Government backing to the extent that it was understood by everyone.

[ ] on April 13 reported that to its best knowledge only known persons witting of flight arrival. The following morning the landing of an unmarked plane was reported by CAA to the Ambassador. We may infer that more than the known or the trusted persons are aware of an unmarked plane's arrival.

As ESSENCE report of April 19 advised of several people who were unreliable, and of at least one who was possibly an enemy agent. Presumably these people were in the ESSENCE organization. On April 22 the police moved rapidly against the implementation of the "32 Program" and broke it up and forced ESSENCE ~~Ramona~~ into hiding. This indicates that the Guatemalans still enjoy penetrations although the possibility that this was a

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normal police patrol cannot, on the basis of first reports be eliminated. In any case it is evidence of their ability to repress. They have also shown ability to make most difficult the ingress of printed propaganda. Their ability in these respects give them a good opportunity to collect further information on RUFUS' operation, and as long as U.S. national agents are operating in the area, they have the opportunity of identifying, abducting and obtaining from them proof of U.S. complicity. Even now it is possible that ESSENCE's trail may lead to [ ] cannot be dismissed since ESSENCE and [ ] are believed to have met on numerous occasions in the latter's apartment which is now ESSENCE's refuge pending his exfiltration.

#### CONCLUSION

The foregoing report is based on material, largely cable traffic, available at Headquarters. Day to day cable traffic can be misleading as to conclusion. Altogether this information and possibly our total knowledge are insufficient by desirable standards to permit the drawing of a conclusion of the sort required if clear security is the first prerequisite to the continuation of the operation.

From the information available, we may conclude that we do not now know any case of documentary evidence of U.S. Government implication to be in enemy hands. To a lesser degree can we say we do not believe the enemy has evidence of American implication. It is highly probable that the enemy and Soviet Russia have information which leads them to conclude that the Americans, and probably the U.S. Government, is involved. If this is the case, we may assume that most professional penetrations are under way to acquire proof of this. We have been, are now and will continue to be vulnerable to being caught in the act as long as we have our people in the areas in which the Guatemalans can operate. Nor will withdrawal of such people at this time write off the damage that may have been done, nor will it cover up traces that can be discovered by future Guatemalan penetrations. The conclusion that we do not know of real evidence in the hands of the Guatemalan government does not lead us to conclude that their possession of it is unlikely. Finally, we must ask ourselves where we might expect to be now had PBSUCCESS been an enemy operation against us and we in possession of the opportunities the Guatemalans have enjoyed for the last months.

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Given the known susceptibility of Latin Americans to bribery as abundantly practiced by Arbenz, we cannot be certain that our best efforts, including the use of the polygraph, have eliminated all past or can prevent future penetrations. A discouraging factor is this, is Arbenz apparent unwillingness to doubt his own people. (Unfortunately this attitude which is almost essential to leadership, has been the downfall of many attempted revolutions.)

While we can honestly state that to the best of our knowledge the U.S. Government is not specifically compromised, we have to face the less simple question which relates to the pattern of intelligence in the enemies' hands today, and the pattern that will unfold as the operation proceeds. We cannot but conclude that the total of this does or will equip the enemy with the markings of a credible case against the Americans who are in many peoples' minds synonymous with the U.S. Government. A factor in this is, or will be, what the Latin American countries desire to believe. Certainly a number of countries are now satisfied that we are behind the effort, but some of these countries are and will be pleased rather than alarmed by that. Mexico and the Argentines on the other hand, were apparently satisfied at Caracas that we were to some degree behind it, and they will be more convinced after the operation goes forward.

The pattern is probably even now convincing to those who want to believe in our complicity - and the effect of this on Latin American - U.S. relations - will depend on how far those countries desire to press the matter and to propagandize their own people. Those areas of the world which are affected by international Communism will believe in our complicity. Other areas will be confused, and still others will accept our complicity, and take cheer from it. With the sure exception of Mexico and The Argentine, and possibly of Chile, Uruguay and Bolivia, the Latin American countries will probably not regard a revolution in Guatemala as worth displeasing the U.S.

The conclusions herein as to enemy knowledge and evidence, <sup>his</sup> hands, are at best speculative. They require a careful appreciation by LINCOLN where information and knowledge of a kind that often alters the emphasis of conclusions reached on fragmentary information is available. It is recommended that LINCOLN in addition, make a study of recruitment history of people used in the field in order to assure they cannot be traced to this or other Government agencies.

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## Part Two

### Enemy Intentions

Our estimate at Headquarters of enemy intentions is restricted to speculation by reason of our having no penetrations from which such a study should be made.

It is further complicated by our inability clearly to define the enemy and such riddles as Arbenz' day to day course--as he feels the pressure close--by whether the Soviets are giving direction,--by the degree of the coalescence of the army's attitude, and by the attitude of the possibly armed civil cadres.

Given reasonable assurance of their own strength, the enemy may be expected to move vigorously at the moment he feels the movement against him to be imminent. He will have at least two weeks warning. The resultant repressive move could give him whatever evidence he may lack for a good case at OAS.

If, on the other hand, he cannot depend on his strength, he may be expected to try to decamp, either in flight or by initiating a change of government, that would confuse the situation generally and improve his position at OAS.

There may well be a relation between the enemy's current or expected intelligence and his intentions.

While because of lack of adequate source material, I have not been able to do a full SCI appreciation of events following the issuance of the White Paper, I find my mind turning frequently to the construction of a hypothesis which is visionary, not built on established facts, but which is reasonable in light of known Communist tactics, and for that reason merits perhaps a few moments reflection.

We can be fairly sure now that the White Paper was put together in a very few days, perhaps as short a time as 48 hours. There is some reason to believe that the Guats feared an imminent attack and struck out defensively with the White Paper. Within a very few days, however, they began to pull back. Our propaganda in this connection immanently successful, convinced many people that the Papers were forged and Arbenz had bought a pup. I for one, do not know why they pulled back. We have good reason to believe that they had much more information than they made point of. And I can say with complete conviction having been at Caracas, that they could have done much more damage to us there than they attempted. They could have taken a long step toward the isolation of the United States. Why didn't they do this? Could it be that they are playing for bigger stakes?

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These questions lead me to wonder whether the falling back from the White Paper may have constituted a reversal of decision. A reversal of decision perhaps brought by Soviet advisors who moved in upon the frightened Guatemalan White Paper and saw in the situation bigger and better game.

Such game could come in several varieties. One would be to let the operation run to a point while demonstrable evidentiary and "once and for all" proof of ODYOKE complicity/parentage could be obtained. Another could be to enable Guatemala to find itself in a position of proven encirclement from which to strike out against its neighbors. This would constitute a bold blow for domination of Central America. Even if it failed the blood of the "people" would have been spilled allegedly in an attempt to prevent the reduction of Guatemala to a state of vassalage to the economic imperialism of the United States. That for world propaganda and Latin American emotions would be a Moscow victory. And if it succeeded to an extent that the United States would have to intervene in the traditional sense, that too would be a Moscow victory.

Whether anyone finds the above hypothesis noteworthy or not, we still will have to find the answer as to why somebody is letting PBSUCCESS run, because the number of known penetrations have in all probability obtained enough information to permit the use of this information with a fair certainty of frightening ODYOKE into calling off the operation--if (I note again) that is the objective of the other side.

<sup>the enemy</sup>  
If ~~he~~ is confident of his strength, and even if he is insecure, his leaders would not hesitate to suffer bloody strife if it would seem <sup>we</sup> this year or 50 years from now to prosper the advance of Communism into an area which once invested would have gone far toward the essential Moscow alternative to war--the isolation of the United States.

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In this paper, it is indicated that we are unable to clearly define the enemy, and yet by implication the enemy is understood to be Moscow(international) Communism. I believe that a good deal of confusion of thinking about PBSUCCESS will arise if we do not <sup>continue to</sup> define the enemy as the Arbenz Government of Guatemala, as a tool of international communism. Now then, it is possible to further analyze some of the question raised in the paper—

The enemy(Arbenz Govt) will have a creditable case against the US as the operation reaches its concluding phases—but(if the operation is successful) the enemy will be in no position to use the case, and the case <sup>he may have</sup> can be destroyed.

Now then, in Latin America, there will be all shades of opinion in the various countries, but official action by any of them can come to nought since the new government in Guatemala will not be supported by the presence of US military forces, and the local(new) government will keep up continuing exposures of past Communist control of the government to keep opinion from crystalizing against the US.

The alarm of some governments will probably be a good thing in that they will have an increased respect for US power, which, as in this case, is not exactly spelled out and is a kind of vague threat in case the government sufficiently displeases the US to bring on a clandestine effort against them. In addition the imperialism theme has been used to the point where it is pretty ragged and there is little additional harm that can be done by further propaganda claiming "clandestine imperialism is upon us".

Restating the question in the next to last paragraph—why is Arbenz letting PBSUCCESS run? The question is—can he stop it? <sup>No.</sup> Did the white paper stop it? <sup>No.</sup> If he revealed all he knew—can he blow all his penetrations and sources, would he have stopped it? No, indeed, he would not. He would probably have found himself in an even weaker position without many valuable sources of information.

In the last analysis , Arbenz is going to have to rely upon force to counter the forces being pulled together in PBSUCCESS, <sup>Even though he cannot stop PBSUCCESS</sup> and he may feel that he can use an attempt against his government as a means of getting rid of less loyal army personnel, and of tightening his grip upon the country--especially before the coming elections, and that he would rather have a showdown now than later.

If it is true that he has several good penetrations into PBSUCCESS, then he may feel fully confident of being able to suppress the attempt--perhaps with the failure of the Somoza attempt so clearly before him this looks easy.

~~Now/then/~~ Regarding the point of frightening the US out of the operation? Why should he think that he could frighten the US out of it? The white paper did not do it. If Arbenz is not sure that the US government is involved--but possibly only US citizens, would that make him want to blame the US now?

Plainly--it is easier to answer these questions fairly firmly if we conceive of Arbenz as the enemy rather than Moscow--though, of course, we should not forget that it is the international communist tie-in that we are ~~really~~ trying to break up.